

Approved

MINUTES

Housing Authority of the Town of Darien

February 9, 2010

A Special Meeting of the Commissioners of the Housing Authority of the Town of Darien was called to order at 7:00 p.m. in Room 119 of the Darien Town Hall, 2 Renshaw Road, Darien, CT.

Present were: Commissioners Jennifer Schwartz, Cynthia Ashburne, Joe Warren, Jan Raymond, (Absent – Kass Bruno); Executive Director Kathryn Molgano; AONBC members Marc Thorne, Tom Bell; Guests: Arthur Anderson, Co-Developer; Lou Trajcevski, New Castle Housing Ventures.

Arthur Anderson and Lou Trajcevski gave an update on the overview of the financial state of affordable housing in Connecticut. Key points that were made include:

- Unprecedented lack of available funding by CHFA in over 25 years
- CHFA not taking applications for ITA lending: first mortgage money with 40 year term at 4%.
- DECD has available funding
- Potential for Community Reinvestment Act funds from CHFA
- FHA mortgages should be available, but more expensive
- The lack of CHFA ITA funds results in an added mortgage cost to AON of approximately \$3 million.

Questions were asked if the construction cost of AON was high compared to other projects and is AON less competitive because of that. Arthur Anderson and Lou Trajcevski explained in detail the specifics of the AON project including:

- Relocation costs \$1M
- Drainage costs \$1.5M
- Sub soil conditions
- Age of buildings
- Underground oil tanks
- No supportive housing
- Value engineering and modular paneling
- Pursuit of propane or natural gas
- Phasing and relocation
- Comparison to other projects

Reference was made to the New Britain Housing Authority, which lost control of two projects, Pinnacle Heights and Corbin Heights, to CHFA. These two projects will likely be competing with AON for 2010 funding.

Discussion continued on ways to improve the AON tax credit application for 2010. The creation of a non-profit corporation as the entity that will own the structures will enable the AON project to qualify for another category of tax credit funding. It was further explained the difference between non-profit developers vs. for-profit developers. Non-profit developers can make the same fees as for profit developers in tax credit financed projects, and that CHFA sets those fees. Non-profit developers are restricted in the way revenues are distributed within the company, whereas for profit developers are less restricted.

The topic of PILOT was raised by Mr. Peter Rogers who stated that the Town would continue to receive PILOT funds from the State once the AON project was under different ownership due to new legislation that was adopted in 2009. Comments by Arthur Anderson and Attorney Ed Schmidt were made to clarify that the new legislation was designed for the benefit of CHFA and the New Britain projects, and that no other developer in the state had been successful in negotiating to receive PILOT funds with a successor owner of a Housing Authority owned project. Therefore, it is the assumption of the Commissioners that the new AON development will no longer make the Town of Darien eligible for PILOT funds.

A question from a member of the audience to change the site plan and reduce density was asked, and Commissioner Schwartz responded that the DHA has site plan approval and is proceeding with the current plan for AON. There is no plan to change the site plan for AON.

Next steps for AON will be to pursue all possible avenues of funding over the coming months. April 1st is the deadline for CHFA's 9% tax credit program. The Commission will be deciding in the coming months on the various options being considered as next steps. The DHA requested DECD's reactivation of our funding request submitted as part of the 2009 LIHTC application. (DECD provided a letter of interest, dated April 14, 2009 for the project in the amount of \$2,290,178.)

Commissioner Jan Raymond asked that a meeting be scheduled for Arthur Anderson to provide an update on recommended next steps when new information is made available regarding potential funding sources.

The meeting was adjourned at 8:30 p.m., motion by Cynthia Ashburne.

Respectfully submitted,

Kathryn Y. Molgano
Executive Director

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